IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

BALLY MANUFACTURING CORPORATION, Plaintiff, v. D. GOTTLIEB & CO., a corporation, WILLIAMS ELECTRONICS, INC., a corporation, ROCKWELL INTERNATIONAL CORPORATION, a corporation, and GAME PLAN, INCORPORATED, a corporation, Defendants.	CIVIL ACTION NO. 80-C-5048

MEMORANDUM IN SUPPORT OF ROCKWELL INTERNATIONAL CORPORATION'S MOTION TO DISMISS UNDER RULE 12, Fed. R. Civ. P.

Rockwell International Corporation ("Rockwell") has filed the present motion because, as a matter of law, it can be neither a contributory infringer nor inducer under the patent laws for selling microprocessor controllers. The grounds for this motion are the same as set forth in a similar motion by Rockwell in Bally Mfg. Corp. v. D. Gottlieb & Co., Civil Action No. 78-C-2246 (filed June 6, 1978), which is presently pending before the Court. However, the reasons for granting the instant motion are even more compelling than in the 2246 case, as matters attempted to be raised by plaintiff in the 2246 case cannot presently be raised.

I. Background - Compelling Grounds for Dismissal Exist in the 2246 Case.

This patent infringement action was commenced by Bally Manufacturing Corporation ("Bally") on September 19, 1980. The suit alleged inducement and contributory infringement by Rockwell apparently for manufacturing and selling microprocessor controllers to D. Gottlieb & Co. ("Gottlieb"). The microprocessor controllers are also accused in the 2246 case of infringing U.S. Patent No. 4,093,232 to Nutting et al. Rather than answer in the 2246 case, Rockwell moved to dismiss for failure to state a claim for which relief could be granted. In that motion, Rockwell established:

(1) The '232 patent was directed to pinball machines, whereas Rockwell only supplied incomplete controllers which were eventually completed by Gottlieb for use in Gottlieb pinball machines;

(2) The hardware comprising the incomplete controller sold by Rockwell had suitable non-infringing uses and was suitable for use as a general purpose controller;

(3) The design activities for the controller had been completed prior to patent issuance so those activities were not relevant to inducement. And after patent issuance, the controller was a "production" item, with Rockwell's activities after patent issuance being that of a seller, not an inducer; and

(4) The only aspect of the Rockwell controller which made it peculiar to pinball was the software programming for the microcomputer components. Since Bally has asserted that patentability of the '232 patent does not reside in software, Rockwell could be neither a contributory infringer nor an inducer as a result of participating in such software programming.

Thus, Rockwell should be dismissed from the 2246 case. Rockwell could be neither a contributory infringer nor an inducer.

More recently, Rockwell began supplying to Gottlieb another version of the controller. The current version incorporates a general purpose microprocessor chip set which is newer and faster. Since the issuance of the Bracha patent, Rockwell production has been limited to this newer controller. Hence, it must be the basis for the present charge of inducement and contributory infringement.

II. The Grounds For Dismissal of the Charge of Contributory Infringement or Inducement as to the New Controller Are Even More Compelling.

In this newly filed case, the facts are even more supportive of a motion to dismiss under Fed. R. Civ. P.

12(b)(6) than in the 2246 case. The foregoing reasons apply to the present motion, as is shown by depositions taken in the 2246 case. The Bracha et al. patent (the '051 patent), which is the subject of the present case, is directed to pinball machines, whereas Rockwell only supplies incomplete controllers which are eventually completed by Gottlieb for use in Gottlieb pinball machines.

The new controller has suitable non-infringing uses depending on how it is programmed and is even suitable for use as a general purpose controller depending on programming. The design activities of the new controller were completed prior to issuance of the Bracha patent, so those activities are not relevant to inducement. And after patent issuance, the controller was a "production" item, with Rockwell's activities after patent issuance being that of a seller, not an inducer. For example, Rockwell procured parts, monitored the product for improving production techniques and provided quality assurance support.

However, in addition to the foregoing considerations, the following underlying facts foreclose certain desparate counter arguments which were raised by Bally in the 2246 case.

(1) Defendant Gottlieb did all of the software programming on the present controller.[1] Rockwell not only did not do the programming, it is not aware of the details of it.[2] (In fact, Rockwell received the software from Gottlieb in coded form and merely implemented the software into the hardware using conventional procedures).

(2) Defendant Gottlieb completed the hardware design prior to Rockwell's initial involvement in the project.[3] The Gottlieb hardware design was completed prior to Rockwell's involvement[4] except for general purpose circuits[5] which are ancillary to the microprocessor and which are not discussed in the patent.

III. Conclusion

Rockwell has shown in the 2246 case that neither (1) software programming nor (2) design work prior to patent issuance have any effect on inducement/contributory infringement issues. Factual considerations in the present case

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1. Footh Transcript, p. 76; DeFotis Transcript, p. 220.
2. Footh Transcript, pp. 75, 76; DeFotis Transcript, p. 242.
3. DeFotis Transcript, pp. 204, 227.
4. DeFotis Transcript, pp. 229, 367; Footh Transcript, p. 79.
5. DeFotis Transcript, pp. 228-229, 233, 236, 301.

which are additional to those in the 2246 case are even more compelling for dismissal.

Respectfully submitted,

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